

**THIS IS THE ADOPTED RULE AND MAY BE USED TO DETERMINE TAX LIABILITY AND OR EXEMPTIONS UNTIL SUCH TIME AS THE CODIFIED VERSION IS AVAILABLE FROM THE CODE REVISER'S OFFICE.**

AMENDATORY SECTION (Amending WSR 94-07-066, filed 3/14/94, effective 4/14/94)

**WAC 458-19-055 ((One hundred six percent)) Levy limit--Proration of earmarked funds. (1) Introduction.** ~~((Certain levies may be "earmarked" for specific purposes even though they are part of, or in addition to, the general regular levy made by a taxing district. This rule describes when and how the levy rate of the earmarked levies may be reduced as a result of the operation of the one hundred six percent levy limit.~~

~~(2) Firemen's pension fund.~~ The legislative authority of a city or town having a regularly organized full time, paid, fire department employing firefighters may reduce the levy rate of a levy made under the authority of RCW 41.16.060 allocated to the firemen's pension fund. The levy rate of this levy allocated to this purpose may be reduced in the same proportion as the regular property tax levy rate of such a city or town is reduced by the one hundred six percent limit.

~~(3) Mental health services levy.~~ Under the authority of RCW 71.20.110, the county legislative authority shall annually levy a tax at a rate of two and one half cents per thousand dollars of assessed value of the property in the county for the purposes of providing funds for the coordination of community mental retardation and other developmental disability services and to provide community mental retardation, other developmental disability, or mental health services. The levy rate of this levy allocated to these purposes may be reduced in the same proportion as the regular property tax levy rate of the county is reduced by the one hundred six percent limit.

~~(4) Veteran's assistance fund.~~ Under the authority of RCW 73.08.080, the county legislative authority shall annually levy a tax at a rate not less than one and one-eighth cents per thousand dollars of assessed value of the taxable property of the county, unless a lesser amount is levied as provided in that statute, and not to exceed twenty-seven cents per thousand dollars of assessed value for the purpose of providing revenue for a veteran's assistance fund. The levy rate of this levy allocated to this purpose may be reduced in the same proportion as the regular property tax levy of the county is reduced by the one hundred six percent limit.

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~~(5) **Earmarked levies to be reduced only when regular levy affected.** The reduction of these earmarked levies, as described in this section, shall only be made when the general regular levy of the taxing district involved is affected by the one hundred six percent levy limit.~~

~~(6) **Affect of voluntary reduction below one hundred six percent levy limit by taxing district.** If a taxing district levying a tax for an earmarked fund voluntarily reduces its regular levy below the maximum levy allowed by the one hundred six percent limit, there shall be no resulting reduction in the levy rate for earmarked funds.))~~

Certain taxing districts are authorized to make "earmarked" levies for specific purposes. An "earmarked levy" is not a taxing district in and of itself; the levy is included within, or is in addition to, the general regular levy made by a taxing district. Because these levies are generally placed within a taxing district treasury as a separately identified fund, they are often referred to as "earmarked funds." A taxing district is either directed by statute to levy or is authorized by statute to levy, but is not required to levy, for these earmarked funds; that is, some of the underlying statutes are mandatory while others are permissive in nature. This rule only discusses those taxing districts with the statutory authority to reduce their earmarked levies from their budgeted levy amount when they are up against their general levy limit; that is, the levy limit contained in chapter 84.55 RCW. Only those taxing districts having specific authorization to reduce the earmarked levy as a result of the levy limit under this chapter are addressed in this rule.

(2) **Earmarked funds to be reduced only when regular levy affected.** Cities having a regularly organized full-time, paid, fire department may levy an additional amount for a firemen's pension fund under RCW 41.16.060. Counties are required to annually levy amounts for the developmental disabilities or mental health services fund under RCW 71.20.110 and for veteran's assistance fund under RCW 73.08.080. These earmarked levies may be reduced if the taxing district's general regular levy is restricted by the levy limit contained in chapter 84.55 RCW. If a reduction is necessary, the earmarked levy may be reduced from its budgeted levy amount in the same proportion as the district's general levy is reduced from its budgeted amount.

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In other words, if the taxing district is unable to levy its total budgeted amount because it is restricted by the levy limit under chapter 84.55 RCW, the amount levied for the earmarked fund may be reduced proportionately to the reduction in the taxing district's general regular levy. For example, if the overall budget of the county or city/town is limited by the levy limit, and that levy includes specific amounts earmarked for special purposes, the county or city/town may take the total amount it receives from property taxes and allocate "x" amount to the earmarked fund and the remainder to its general purposes.